



## *Inside Ag* *September 5, 2007*

### **Corn for food *and* fuel** **By John Stulp**

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There has been a great deal of hand wringing lately about the price of food now that Colorado and the nation is turning to agricultural commodities, primarily corn, to fill part of our demand for liquid fuel. There is a kernel of truth to these fears, but not much more than just that.

Ethanol production from corn has been on the increase for several years as a means to increase the combustibility of gasoline. More complete combustion of gas helps clean our air and extends fuel supplies by about 10 percent in unleaded gasoline. Many vehicle manufactures are now turning out cars and light duty trucks that can burn up to 85 percent ethanol, resulting in even cleaner air and far less dependence on foreign oil for gasoline.

The increased demand for ethanol has created an attendant increase in demand for corn, thus corn prices have risen lately to about a dollar a bushel more than last year. Strangely, however, some folks in the media are reporting that the prices for food will begin rising and forcing consumers to choose between food and gasoline for their cars. Let's put some perspective on that claim.

In a twelve-ounce box of corn flakes that costs a little over \$2.00, there is a whopping 4.4 cents worth of corn. The balance of what the consumer pays goes for labor, packaging, transportation, merchandizing, interest and, of course, profit. The farmer that raised the corn is receiving about one-half percent of the cost of the finished product.

Across the board, farmers and ranchers get about 19 cents out of every dollar a consumer spends on food, and that's something that all consumers should come to appreciate. The United States has one of, if not *the* most affordable and abundant food supplies in the world. Consumers spend less than 10 percent of their income on food, leaving more for discretionary purchases and other household needs.

Increased production of biofuels, like ethanol, is causing good things to happen in rural Colorado and across the country. Ethanol plants create much-needed rural jobs and have brought profitability back to agriculture. It's true that higher corn prices are making it more difficult for meat, milk and poultry producers. But some of the major markets for those commodities are overseas, and some of those markets have been shut out to American producers for contrived and anti-competitive purposes. We need to help reestablish those foreign markets, not reduce the price of their primary feed source.

According to the Food and Agriculture Policy Research Institute, food prices have not increased more than 0.2 percent in the last two years and will not increase as much as one percent well into the next decade.

So if you read or hear that producing biofuels to offset our demand for foreign oil is sending food costs through the ceiling, don't swallow it.